

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:751

ANSWERED ON:04.03.2005

DIRECT EXTERNAL ASSISTANCE TO STATES QUESTION

Mehta Shri Alok Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to formulate a scheme under which the loans provided by foreign financial institutions to the State Governments would be handed over to them directly; and

(b) if so, the details thereof and the role of the Union Government in monitoring such loans?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (S. S. PALANIMANICKAM)

(a) No, Sir. Under the Constitution, States cannot borrow funds from external sources directly.

(b) Does not arise.